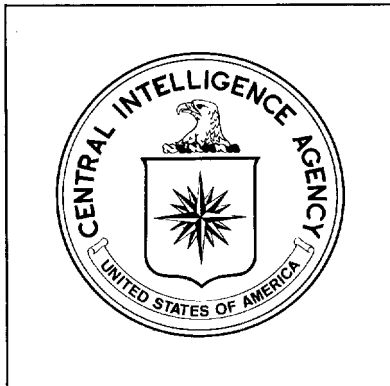


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MIDDLE EAST – AFRICA – SOUTH ASIA

This publication is prepared for regional specialists in the Washington community by the Middle East - Africa Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Sri Lanka*After the Cabinet Purge*

Prime Minister Bandaranaike's expulsion from the cabinet early this month of the representatives of the Trotskyite Lanka Sama Samaja Party (LSSP), her principal coalition partner since 1970, has set the stage for probable additional moves by the Prime Minister.

The most immediate step is likely to be another cabinet reshuffle in which Bandaranaike probably will bring in some additional members of her Sri Lanka Freedom Party (SLFP) to fill the void left by the departed LSSP. The portfolios of the three departing LSSP ministers were initially portioned out to SLFP ministers already in the cabinet, but this appears to have been a temporary move. The other party in the governing coalition, the Moscow-oriented Communist Party, which holds only one cabinet portfolio, will probably continue to play a minor role.

With the LSSP out of the government, Bandaranaike is likely to rely more on the advice of technocrats and less on leftist elements in the government. Bandaranaike is concerned about the country's stagnating economy, particularly its foreign exchange problems. In an effort to obtain additional economic assistance from the International Monetary Fund and other sources, Bandaranaike might be willing to implement tough economic reforms, including devaluation, to stimulate exports. The new budget, expected to be presented in November, should give clear signs of the Prime Minister's intentions on economic matters.

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The exit of the LSSP could also present the Prime Minister with some thorny problems, particularly if she devalues the currency. The LSSP, having taken on the role of an active opposition party, now may try to exploit in its propaganda economic issues that could win it popular support. In addition, party spokesmen may, as they have in the past, launch accusations against the US. After the expulsion of the LSSP, the party charged that the CIA was behind the move. The LSSP may instigate strikes and other unrest among its considerable following in the labor unions. The Prime Minister may also have some trouble with members of her own party who are reluctant to go along with tough economic moves that may not go down well with their constituents.

Despite these considerations, Bandaranaike appears to be in a strong political position. Her recent move caught the LSSP off guard, and the party does not appear eager to challenge the Prime Minister, at least for the time being. The army and the police, particularly at the senior levels, seem firmly in her camp. Bandaranaike told the US ambassador this week that the security forces have been strengthened since a leftist insurgency rocked the island in 1971. She also said that chances for discontent have diminished with an improvement in the food supply this year and by the passage in recent years of a broad range of laws favorable to the trade unions.

The recent cabinet changes are unlikely to have a major effect on Sri Lanka's moderate nonaligned foreign policy. Despite the prospects for intensified LSSP charges against the US, Bandaranaike told the US ambassador she saw "no reason why good relations should not continue." With the approach of the nonaligned summit scheduled for Colombo next August, Bandaranaike will probably continue to cultivate her image as a senior leader of the nonaligned world.

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